

APPENDIX A



Department of Defense



*National Security
Personnel System*

NSPS Funding

July 2006

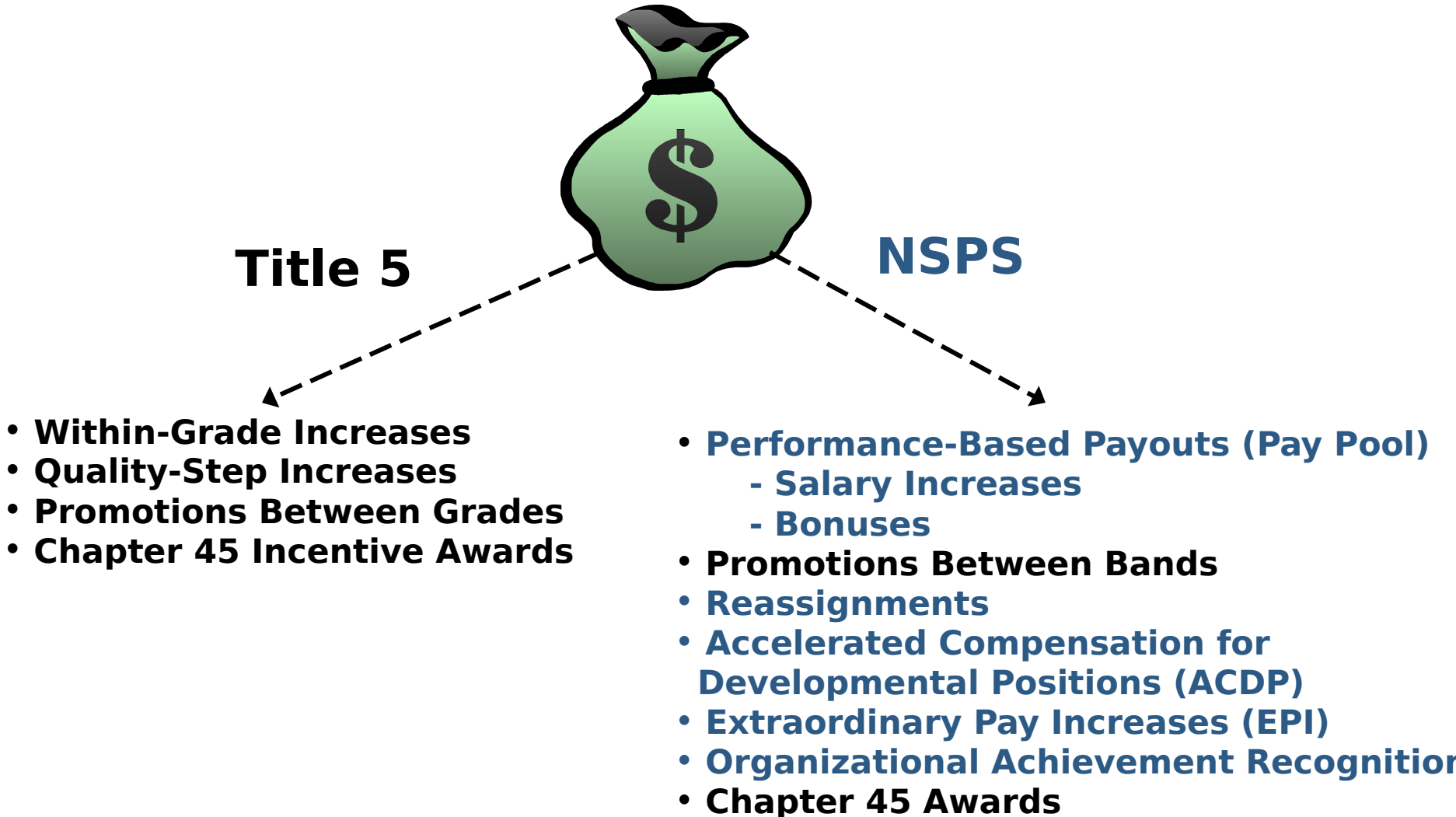
Statutory Compensation Requirement

- In accordance with the NSPS statute, to the maximum extent practicable, for fiscal years 2004 through 2008, the overall amount allocated for compensation of the DoD employees who are included in the NSPS may not be less than the amount that would have been allocated for compensation of such employees if they had not been converted to NSPS.
- Same Civilian Pay Dollars



Civilian Personnel Funding Allocations

Title 5 vs NSPS



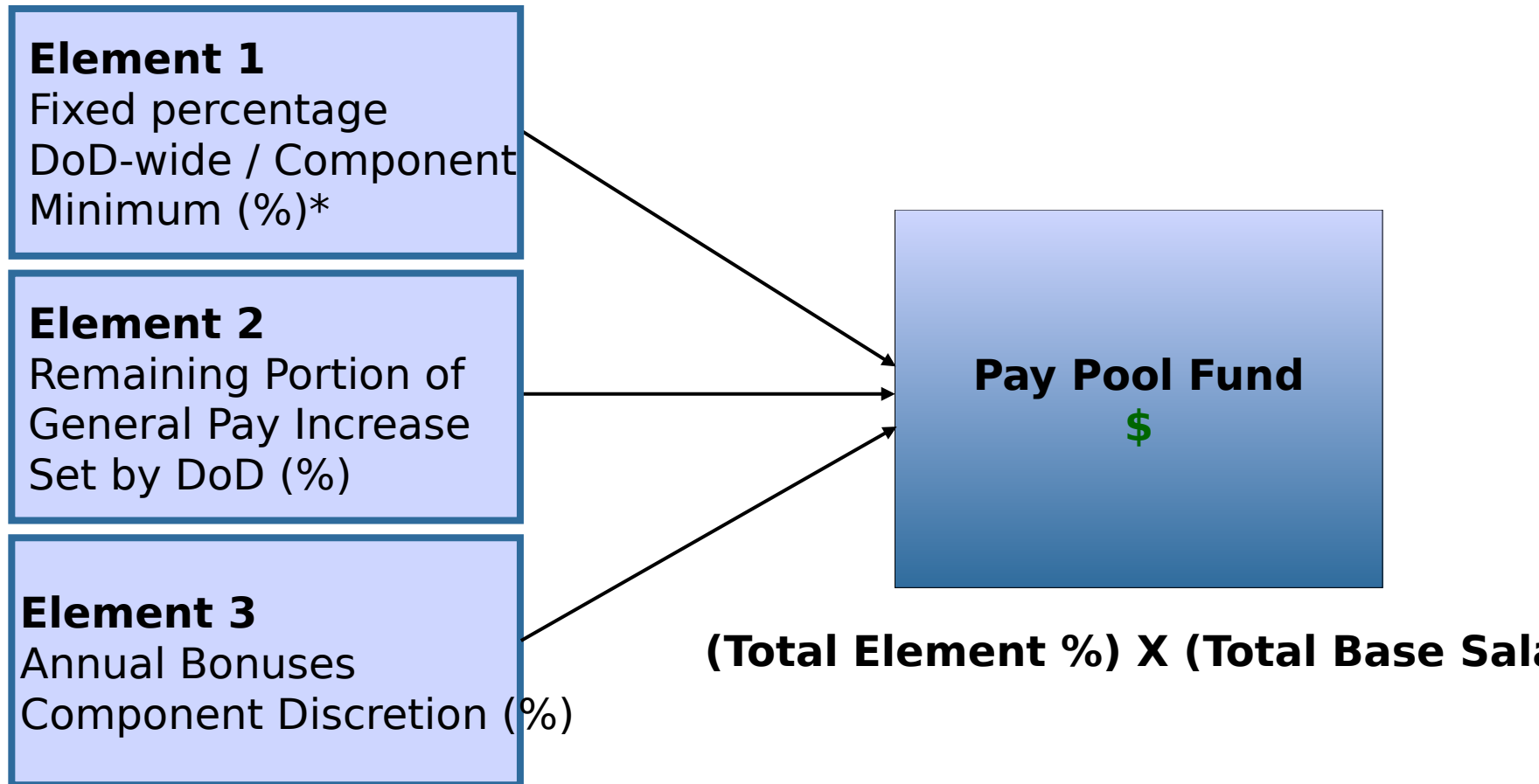
Base Salary Increase Funding Floor

- SecDef establishes **funding floor** for **base salary increases**
- Components must certify to SecDef annual expenditure for compensation
- May be prorated for shortened performance cycles

2007 Funding Floor = Pay pool base salary increases
+ Reassignment/reduction in band base salary
increases
+ Base salary increases from any ACDP, OAR and EPI

2008 Funding Floor = Pay pool base salary increases = 2.26% at
Component
Level

2009 Funding Floor = Formula to be established by SecDef



*Derived from DoD-wide multi-year historical data.

	January 2007 (Spiral 1.1)	January 2008 (Spiral 1.1, 1.2, 1.3)	January 2009 (All Spirals)
Element 1	Derived from historical spending	2.26% at Component level	Formula to be established by SecDef
Element 2	<u>Full</u> GPI used for rate range adjustments and LMS 0% in pay pool	GPI can be split between rate range increases, LMS and pay pool funding	GPI can be split between rate range increases, LMS and pay pool funding
Element 3	Component guidance	Component guidance	Component guidance

Organizations can allocate additional funding to Elements 1 and 3

- Analyzed historical spending over the last three years by organization
- Developed a historical funding estimate for continuing pay for performance (Element 1) based on:
 - WGIs, QSIs, and promotions that go away under NSPS pay bands

	2004	2005	2004-2005
Army	2.23%	2.38%	2.31%
Navy	2.14%	2.13%	2.14%
Air Force	2.37%	2.38%	2.37%
4th Estate	2.17%	2.21%	2.19%
Average	2.22%	2.29%	2.26%

- Not representative of entire Department
 - Much smaller population
 - More specialized organizations
 - More headquarters representation
- Shortened performance cycle



Spiral 1.1 – Element 1 Funding

PopulationFunding

Army - All GS/GM		2.38%
Army - Spiral 1.1	2,348	3.43%
Civilian Human Resources Activity:	37	2.26%
Civ Pers Operations Centers	1,466	4.43%
Civ Pers Advisory Centers	845	2.96%

PopulationFunding

Navy - All GS/GM		2.13%
Navy - Spiral 1.1	4,238	1.77%
Naval Sea Systems Command HQ	2,152	1.32%
Office of Civilian Human Resources and Human Resources Service Centers	1,079	2.53%
Joint Warfare Analysis Center	461	3.80%
Strategic Systems Program Office	242	1.53%
25 July 2006 Performance Center	134	3.36%

PopulationFunding

Air Force - All GS/GM		2.38%
Air Force - Spiral 1.1	3,023	2.48%
Secretary of the Air Force Manpower/Reserve Affairs	37	2.48%
Elements of Tinker AFB	2,341	2.39%
Air Force Audit Agency	645	3.52%

PopulationFunding

4th Estate - All GS/GM		2.21%
4th Estate- Spiral 1.1	1,404	3.31%
Defense Threat Reduction Agency	990	3.35%
Defense Information Systems Agency	124	3.88%
TRICARE Management Activity	290	2.03%



Spiral 1.1 – Elements 1 and 3 Funding

	Pop.	Element 1	Element 3		Pop.	Element 1	Element 3
Army - All GS/GM		2.38%	1.68%	Air Force - All GS/GM		2.38%	1.20%
Army - Spiral 1.1	2,348	3.43%	2.54%	Air Force - Spiral 1.1	3,023	2.48%	1.24%
Civ Human Resources Activity:	37	2.26%	2.05%	Secretary of the Air Force Manpower/Reserve Affairs	37	2.48%	1.71%
Civ Pers Operations Centers	1,466	4.43%	2.76%	Elements of Tinker AFB	2,341	2.39%	1.21%
Navy - All GS/GM		2.13%	1.02%	4th Estate- All GS/GM		3.31%	1.58%
Civ Pers Advisory Centers	845	2.96%	2.24%	Air Force Audit Agency	645	3.31%	1.58%
Navy - Spiral 1.1	4,238	1.77%	1.37%	4th Estate- Spiral 1.1	1,404	3.31%	3.11%
Naval Sea Systems Command HQ	2,152	1.32%	1.25%	Defense Threat Reduction Agency	990	3.35%	3.11%
Office of Civilian Human Resources and Human Resources Service Centers	1,079	2.53%	1.37%	Defense Information Systems Agency	124	3.88%	2.63%
Joint Warfare Analysis Center	461	3.80%	1.46%	TRICARE Management Activity	290	2.03%	3.25%
Strategic Systems Program Office	242	1.53%	2.33%				
Human Performance Center	134	3.36%	1.47%				

- Civilian personnel budget already in place
- OP-8 civilian personnel cost financial exhibit
 - Element added to track compensation under NSPS
- Components control compensation within SecDef guidance

**Engage your senior
leadership!**